Lessons Learned in PBL Implementation

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Outline

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PBL Policy/Guidance

- QDR – 30 September 2001
- FY03 - 07 DPG
- USD (AT&L) Memo – 13 February 2002
- DON PBL Plan – 26 April 2002
- ASN RDA Memo – 27 January 2003
- USD (AT&L) Memo – 7 March 2003
- DoD Directive 5000.1 – 12 May 2003
- DoD Instruction 5000.2 – 12 May 2003
- Deputy SECDEF Memo – 4 February 2004
- MID #917 – TBD

Policies and Regulations

- **Force-Centric Logistics Enterprise (FLE)** is an integrated set of six collaborative initiatives to achieve end-to-end customer service within DoD logistics operations. The primary intent of the FLE is to accelerate DOD's implementation of integrated logistics chains and commercial information systems to meet warfighter sustainment needs and the operational requirements of the National Defense Strategy.
- **Quadrennial Defense Review (QDR) (Sept. 2001)** DoD states that PBL is implemented to make the supply chain more compressed and improve weapon system readiness.
- **DoD 5000.1 (para E1.17) Performance Based Logistics.** The Program Manager shall develop and implement performance-based logistics strategies that optimize total system availability while minimizing cost and logistics footprint. Sustainment strategies shall include the best use of public and private sector capabilities through government/industry partnering initiatives.
- **Title 10 of the US Code (10 USC).** The various sections specify requirements that range from how much Depot workload may be performed by contractors, to what Depot workload is so essential that DoD must ensure that it maintains a "core" capability in those areas, to how Depot public/private partnerships may be implemented. These are all critical factors in developing and implementing effective PBL support strategies.

Situation

- Readiness down across the service
- Operating costs rising at 12-14% per year
- Logistics Footprint growing
- Customer Wait Times excessive
- Supply chains non-responsive to warfighter
- Defense Industry consolidation rampant
- Investments not making ROI in terms of warfighter metrics
- Logistics resource equation out of balance across the board

Barriers Facing PBL Implementation

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- Switching paradigms at the congressional and senior leadership level with respect to money
- Overcoming organic resistance to implementation of PBL on a broader scale (Stovepipe Barrons)
- Long Term Contract Strategy options
- Reduced competition
- Effective metrics to ensure value gained
- Fear of loss of organic capability (Title 10)
- Corporate survivability
- Accurate reflection of As-Is vice Should-Be

Lessons Learned in PBL Strategy Selection and Implementation

Defining/Refining the Offer

- Identify who can/will supply the work and material
- Determine if commercial standards or practices can be applied to Supply Chain
- Program ECPs incorporated
- Does it involve Maintenance Plan Refinement
- Logistics Plan Defined (pubs, assistance, data collection)

Lessons Learned

Define all feasible options at the beginning and refine from that point

Political Interest

- Continuous and open communication with local Congressmen and Delegation to avoid any misconceptions or concerns over loss of jobs perception
- Early involvement makes a positive difference
- DoD notice to Congress

Lessons Learned

Involve the political leadership where work is affected early in process

Legal Concerns

- Title 10 compliance
  - Commercial derivative
  - Repeatable process non-existent
- Contracting
  - Accountability of Government Entity to Private Sector
  - Time to make ROI
- DoD IG Audits

Lessons Learned

Tackle Title 10 and contracting concepts early

The Team Formation

- Hard to get Stakeholders interest (DLA, Program Office, Fleet)
- Clarity of roles and responsibilities
- Buy in of all stakeholders
- Performance Based Agreement

Lessons Learned

Clarifying who is the buyer and who is the seller is a must at the beginning of PBL Strategy

Technical Issues

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- Identify baseline at the onset of strategy selection for determining value of offer
- Identify areas of concern to be included in PBL
  - i.e. Engineering Change Proposals
- Agreement on measurement system and metrics for performance (reliability, availability, and maintainability)
- Configuration Management relief / trust
- Maintenance Plan Changes

Lessons Learned

Efforts on baseline establishment well spent early in program

Needed trust to give up any CM

Business Case

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- Exploring a wider range of Logistics/Maintenance activity will open the door for a broader view of Offer
- BCA assists in rebutting arguments with facts
- Availability of data and identification of baselines
- Metrics should be clear and measurable

Lessons Learned

BCA content agreement as to value early will reduce cycle time by years (linked to technical performance as well)

Funding

- Numerous debates on where is the money and who owns the money
- Benefits focused on War-fighter dollars (Flying Hour DLR Reductions)
- Benefits accrued in Multi Budget Line Items
- Color of money issue eased with Stock Fund / Fleet Operating Dollars

Lessons Learned

Early identification of BLI dollars that are affected by PBL aides in completion of the BCA and adjustment to BLIs

Closing the Deal

- Agreements necessary on:
  - What's in / What's out
  - Asset Control
  - Asset Visibility
  - Terms of Contract / Costs
  - Oversight
- Finalization only after Senior Level visibility and support

Lessons Learned

Elevate barrier for Senior Level review quickly

Conclusion

- Energy expended upfront leads to a successful PBL Strategy Implementations
- Explore all options early, don’t allow “what if’s” by naysayer’s
- PBL Support Strategies can be of great value to all of DOD / OSD if process is followed

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